

## CENTRAL INTELLIGENCE AGENCY

615128

## INFORMATION REPORT

SECRET

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COUNTRY	Czechoslovakia/Austria	REPORT NO.	<input type="text"/>	25X1A
SUBJECT	Cancellation of Czech Orders for Austrian Electric Furnaces	DATE DISTR.	19 April 1954	
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SOURCE:

- 25X1A 1.  a representative of Strojimport, the Czech machinery purchasing office, informed officials of Siemens & Halske, Electro-Chemical Division, Vienna VII, that Czechoslovakia had decided to cancel orders for one 10-ton electric arc furnace and two six-ton electric arc furnaces which had been ordered in 1951. He also cancelled one 10-ton electric arc furnace which had been ordered in July 1953, supposedly for the Lenin Works (former Skoda Factory) in Pilsen.
2. The Strojimport representative justified the cancellations by explaining that Czechoslovakia's first five-year plan had just ended and the new five-year plan did not provide for the expansion of heavy industry, but stressed the manufacture of different consumer goods.
3. The Siemens-Halske office refused to accept the cancellation of the 1951 orders, since they were already signed and preparatory work had been started. Siemens-Halske indicated its intention to sue Strojimport for \$350,000 cancellation costs (Stornierungskosten) unless Strojimport agrees to accept delivery of at least the one 10-ton furnace.
4. Final settlement will not be reached until new instructions from the main office of Strojimport are received by its representative in Vienna.

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